

TITLE PAGE

**EFFECT OF ECONOMIC ENVIRONMENT ON BUSINESS LOCATION IN
CHIKUN LGA KADUNA**

BY

**ABDULLAHI ADAMU
KPT/CBMS/19/43749**

**BEING A RESEARCH PROJECT SUBMITTED TO THE DEPARTMENT
OF BUSINESS ADMINISTRATION AND MANAGEMENT, COLLEGE OF
BUSINESS AND MANAGEMENT STUDIES**

**IN PARTIAL FULFILLMENT OF THE REQUIREMENT FOR THE
AWARD OF HIGHER NATIONAL DIPLOMA IN BUSINESS
ADMINISTRATION, KADUNA POLYTECHNIC**

KADUNA POLYTECHNIC, KADUNA

JUNE, 2022

DECLARATION

I hereby declare that this research project has been conducted safely by me, Abdullahi Adamu KPT/19/43749 under the guidance and supervision of Mal. Daudu Bala Abubakar of the Department of Business Administration and Management Studies, Kaduna polytechnic. I have neither copied someone's work nor has someone else done it for me. All references made to published literature have been duly acknowledged both textually and under the references. Any error contained here is entirely my responsibility.

Abdullahi Adamu
KPT/CBMS/19/43749

Signature

Date

APPROVAL

This is to certify that this project report titled “**EFFECT OF ECONOMIC ENVIRONMENT ON BUSINESS LOCATION IN CHIKUN LGA KADUNA**” written by **ABDULLAHI ADAMU KPT/CBMS/19/43749**, has been read and approved as having met the requirements governing the preparation and presentation of research project in Kaduna Polytechnic. It is hereby approved for meeting the requirement for the award of Higher National Diploma in Business Administration and Management Studies, and for its contribution to knowledge and literary presentation.

Mal. Daudu Bala Abubakar
Project Supervisor

Signature

Date

Dr. Ismaeel M. Anchau
Project Coordinator

Signature

Date

Mr. Tunde Lawal
Head of Department

Signature

Date

External Examiner

Signature

Date

DEDICATION

This research project is humbly dedicated to Allah (SWA) who is the source of wisdom and inspiration without whom my programme could not have been worth it.

ACKNOWLEDGEMENT

I am grateful to God Almighty who gave me strength, knowledge and opportunity to write this project.

I am also indebted to my supervisor Mal. Daudu Bala Abubakar for taking his time despite his tight scheduled to go through my manuscripts and made corrections when necessary.

My appreciation goes to my project coordinator, Dr. Ismaeel M. Anchau of the Department of Business Administration and Management. I would like to offer my profound gratitude to my head of Department Dr. Tunde Lawal and the entire lecturers in the Department of Business Administration and Management for their unprecedented knowledge they impacted on the during the time of my study.

My gratitude goes to my lovely Mom and Dad Mr. and Mrs. Adamu, my brothers and sisters who contributed clearly in term of prayer and support; I so much appreciate all of you.

I also want to express my appreciation to my family and friends and special regard to Mr. Mohammed who stood by me during my trial and the entire students of Business Administration and Management. Thank you all.

ABSTRACT

The purpose of this research work is to examine the effect of economic environment on business location in Chikun LGA Kaduna. This research work is design to provide a basic understanding on the concept of business environment, determine the problem impose by the influence of business environment in an Organization, recommend solution on economic environmental problems as they affect business location and determine the extent at which economic environment factor affect business location. The literature review comprised of relevant papers, seminal papers unpublished texts written by know authors and published texts books, which help to strengthen the issues raised. The study adopted survey and descriptive research design. A sample of 278 was adopted for this study, structured questionnaires was used to gather relevant data. Findings of the study revealed that business environment influenced the success of SMES to a high extent. Also, the study revealed that no significant difference existed in the influence of economic environment on business in term of their location. Based on the findings, it was concluded that SMEs' success could be better guaranteed with sufficient knowledge of the business environment. The study among others recommended that owners/managers of SMEs should always endeavor to increase their knowledge and skills to a maximum level in order to surmount challenges relating to business environment.

TABLE OF CONTENT

Title Page	-	-	-	-	-	-	-	-	-	-	i
Declaration	-	-	-	-	-	-	-	-	-	-	ii
Approval Page	-	-	-	-	-	-	-	-	-	-	iii
Dedication	-	-	-	-	-	-	-	-	-	-	iv
Acknowledgement		-	-	-	-	-	-	-	-	-	v
Abstract	-	-	-	-	-	-	-	-	-	-	vi
Table of Content		-	-	-	-	-	-	-	-	-	vii

CHAPTER ONE: INTRODUCTION

1.1	Background of the Study	-	-	-	-	-	-	-	-	1
1.2	Statement of the Problem	-	-	-	-	-	-	-	-	3
1.3	Objective of the Study	-	-	-	-	-	-	-	-	4
1.4	Research Questions	-	-	-	-	-	-	-	-	4
1.5	Significant of the Study	-	-	-	-	-	-	-	-	5
1.6	Scope of the study	-	-	-	-	-	-	-	-	5
1.7	Limitation of the Study	-	-	-	-	-	-	-	-	5
1.8	Definition of Term	-	-	-	-	-	-	-	-	6

CHAPTER TWO: LITERATURE REVIEW

2.1	Conceptual Framework of Environment-	-	-	-	-	-	-	-	-	7
2.2	Importance of Economic Environment on Business Location-	-	-	-	-	-	-	-	-	8
2.3	Types of Business Location	-	-	-	-	-	-	-	-	9
2.4	The Concept of Economic Environmental-	-	-	-	-	-	-	-	-	14
2.5	Effects of Economic Environment on Business Organization Performance									18
2.6	Economic Factors has a Hindrance to Business Environment Location									22

2.7	Review of Related Literature	-	-	-	-	-	-	-	23
2.8	Theoretical Review	-	-	-	-	-	-	-	31
2.9	Summary	-	-	-	-	-	-	-	34

CHAPTER THREE: RESEARCH METHODOLOGY

3.1	Introduction	-	-	-	-	-	-	-	35
3.2	Research Design	-	-	-	-	-	-	-	35
3.3	Area of the Study	-	-	-	-	-	-	-	35
3.4	Population of the Study	-	-	-	-	-	-	-	35
3.5	Sample Size and Sampling Technique	-	-	-	-	-	-	-	36
3.6	Data Collection Instrument	-	-	-	-	-	-	-	36
3.7	Validation and Reliability of Instrument	-	-	-	-	-	-	-	36
3.8	Method of Data Collection	-	-	-	-	-	-	-	37
3.9	Method of Data Presentation and Analysis	-	-	-	-	-	-	-	38

CHAPTER FOUR: DATA PRESENTATION AND ANALYSIS

4.1	Introduction	-	-	-	-	-	-	-	39
4.2	Characteristics of Respondents	-	-	-	-	-	-	-	39
4.3	Data Presentation and Analysis	-	-	-	-	-	-	-	41
4.4	Summary of Findings	-	-	-	-	-	-	-	45
4.5	Discussion of Findings	-	-	-	-	-	-	-	45

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.0	Introduction	-	-	-	-	-	-	-	47
5.1	Summary	-	-	-	-	-	-	-	47
5.2	Conclusion	-	-	-	-	-	-	-	48
5.3	Recommendations	-	-	-	-	-	-	-	48
	References	-	-	-	-	-	-	-	53
	Appendices								

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The primary, objective of business organizations is to make profit, grow and survive in the environment in which it operates. The environment in which business organizations operate is a complex, multi-focus dynamic and has a far reaching effect on such organization. The environment tends, shape the outlook, and goal of the organization by placing constraints on them (Nwanegbo and Odigbo, 2013). These constraints in the environment of organizations goal could be in the form of competition, this sets a limit on the goals specify by the organization.

In management, the word “environment” does not necessarily mean physical surroundings, but is used to describe all those influences that bear upon the individual organizations (Oghojafor, 2015). Business environment is used to mean anything, which surrounds the business organization. It affects the decisions, strategies, process and performance of the business. The environment is consisting of factors which are beyond the control of the business (STEP) social, technological, economical, legal and political. It

provides opportunities or poses threats to the organization. Since business makes demand on the society and the society makes demands on the business, managers in any organization must interact with and respond to environmental factors internal or external to their organizations. The sum of these interrelationships within the business and between the business and the society is what is the management regarded as business environment (Nwanegbo and Odigbo, 2013).

Organizations survival and success depend on the appropriate adoptions to a complex and over changing environment. Business in a capitalist economy can be described as the sum of all the activities involve in the production and distribution of goods and services for profit. This definition implies that business assume responsibilities for two of the basic human activities; Production i.e. Fabrication of physical objects through the use of men, machine, and material and distribution of these product/service as the consumers. The second implication of the definition is that all business organizations should strive to make profit. They are not charitable organizations, they must make profit in order to survive and continue to provide employment for workers and good returns to the owners.

The Nigerian business environment has witnessed a lot changes from the period of the oil boom in the 1960s and the early 1970s. Austerity measures in the early 1980s and the structured adjustment programme in the late 1980s from the company act of 1960s allied matter decree in the 1990s, undoubtedly brought in the eighty's the opportunities to be exploited by some firms or the problems that inhibit the survival of so many business firm (Bodunde, Ola and Afolabi 2014). The need for studying business environment became important considering the fact that business organization do not operate in vacuum and effective management in complex and dynamic society such as Nigeria, requires the assessment of strengths and weaknesses of the organization and the opportunities and threats posed and the challenges of the external environment by the challenges of the external environment. For survival and growth, organization must adapt to these changes.

1.2 Statement of Problem

The effects of economic environment on business location vary from one situation to another. The environment suitable for the growth of a particular business may be hostile to the survival of another business. Small and medium businesses are combated with the challenges of high tax rates,

multiple taxations, intricate tax regulations and deficiency in proper enlightenment about tax related issues, the cumulating effect of this include the high rate of poverty and increase in the cost of production. Accordingly, if a large proportion of SME costs are devoted to paying tax, they will be forced to transfer the tax burden onto the consumer, and as a result, this will ultimately make their goods and services uncompetitive, which tends to have a negative impact on their performance and growth.

Insecurity discourages business investment especially in the SME sector as it makes business investment uninviting to investors. The condition of insecurity in Nigeria accelerates the cost of operating a business incurred either in the course of taking defense against business uncertainty and risks or through loss of goods and properties. These expenses may have a detrimental impact on business development. To this end, the study will address itself for a number of specific problems which include the following;

- i. The impact of environment on business location.
- ii. The extent to which business activity are independent of some of the forces of the environments.
- iii. How the business react to the change in business environment
- iv. How the business activity in any way influenced the environment

1.3 Objective of the Study

The objectives of this research are as follow;

1. To provide a basic understanding on the concept of business environment.
2. To determine the problem impose by the influence of business environment in an Organization.
3. To recommend solution on economic environmental problems as they affect business location
4. To determine the extent at which economic environment factor affect business location.

1.4 Research Questions

1. How does an economic problem affect the business environment?
2. How does the improvement on technological level affect development in business environment?
3. To what extent will political instability affect business environment?
4. To what extent does economic environment affect business location in Nigeria local government?

1.5 Significance of the Study

The study will help the public and the private organizations realize the importance of the business environment if the higher profits are to be obtained, It will also help in solving managerial problem between management and workers. This study will also x-ray the problem of losses experienced by firms using wrong statistics in establishing a business in an underlay environment, this usually lead to the folding of such companies. The recommendations will help to minimize the frequency occurrence of company liquidation and smoothen operations of the organization increase in production and yield more profits.

1.6 Scope of the Study

The study will look at the effects of economic environment on business location a study of Chikun Local Government. The scope is for the primary aim of achieving accuracy because the smaller the scope, the wider the tendency of achieving a high degree of accuracy.

1.7 Limitation of the Study

Every research activity has its constraints. This particular one is however not an exemption. Certain factors limit the process of writing this research work, which include inadequate research materials: the research materials on this subject matter are very few.

1.8 Definitions of Terms

- i. **Environmental Factors:** - It is the totality of forces and entities that surround and potentially affect the growth and development of an organization. Environmental forces can be divided into two; Macro and Micro environments
- ii. **Micro Environment:**-These are the immediate environmental factors of the business organizations e.g. the employees, shareholders, customers, etc.
- iii. **Macro Environment:**-These are the forces that the organization cannot control or influence or manipulate, e.g. demography, national or physical forces, etc.
- iv. **Environment Location:**-This is geographical area where the business organizations being influenced by the micro and macro environment factors.
- v. **Inflation:**-This is defined as continuous and persistent rise in general price level resulting in reduced purchasing power for the consumer. During this period, money is devaluated in terms of what it can buy or purchase.
- vi. **Business:** - in a capitalist economy can be described as the sum of all the activities involve in the production and distribution of goods and services for profit.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1 Conceptual Framework of Environment

Environment is the totality of the surroundings of the organization for wider concept. Harrison (2017) defines environment as all the conditions circumstances, and influences surrounding and affecting the development of the total organization or any of its internal systems. He argued that environment contains forces of complexity that are dynamic to varying degrees at differences, and under different circumstances.

Atsegbua (2018) describes environment as the system of abiotic, biotic and interact and simultaneous to which he adapts and transforms and uses in order to satisfy his needs. The Black Law Dictionary (6th edition) physical, economical, cultural, aesthetic and social circumstances and factors which surround and affect the desirability and value of property and which also affect the quality of peoples' lives. In environment, the word "environment" is used to describe all those influences that bear upon the individual organization. Bernard (2017) notes that environment consists of atoms and molecules, agglomerations of things in motion, laws of men, emotions of physical laws, social laws, social ideas, norms, action, of forces and

resistances. Their number is infinite and they are always changing. The nature of the constituting the environment often confronts management with the need to make decisions under considerable uncertainty. The dynamic nature of variables that are seldom well identified their controls over the outcomes of events initiated within the organization are also complex.

Every organization must exist in some extent; no organization is an island unto itself. Each organization has goals and responsibilities relates to others in its environment. Not only must or organization deal with its environment in coordinating its everybody's affairs, but it is must also give consideration to the goals of others, as it establishes its own goals and conducts its operations. Business environment.

As a concept, economic business environment is regarded to be a complex and important consequent, the concept has been addressed in a number of ways by different scholars. For example, Ola (2017) seems to believe that business environment is phenomenon that is too complex and too varied to be captured by any one definition.

2.2 Importance of Economic Environment on Business Location

The importance of economic business environment has been attested to by numerous scholars such as Oyebanji (2019), Lawal (2017) and Aldrich (2016). All these scholars have discussed extensively that business environment is an important process to influence on a group in particular situation to motivate others to goals achievement. Environment in management does not mean the surrounding but it covers the factors of forces that affect business effectiveness in the process of producing an intending result. Oyebanji (2019) define business environment as those factors that can influence the individual's business organization. He stressed further by saying that every organization must take into consideration the environmental constraints, material and human resources in their respective business in spite of their differences in status and that the effect of the environment carries from one situation to another. Ola (2017) classifies Nigerian business environment as the Nigerian economy since the businesses are established and managed within an economy. He was of the opinion that the state of affairs has a significant on the business within that economy. Oyebanji (2019) further testified that Nigerian business environment has witnessed a total change, which started from the oil boom era in 1960s austerity measure

in the early 70's and structural adjustment programme in the 80s. Aldrich (2016) says the environment was made up of stable and unstable homogenous, heterogeneous, rich and poor, complex and simple, unpredictable variables.

2.3 Types of Business Environment

According to Lawal (2017), there are two types of environment namely;

1. External environment and
2. Internal environment

1. The Internal Environment: This includes situational factors within the organization. These factors are largely the result of decisions of the management process, most times under management control. It is described as the resources, behaviour, strengths, weaknesses, synergy and distinctive completeness within or internal to the organization. An organization uses different types of resources produces synergy or dynergy within an organization which leads to the development of strengths of weaknesses over a period of time. Organizational capability in the design and implementation of corporate policy and strategy rests on the organization's capacity and ability to use its distinctive competencies to excel in a particular field. There are five major variables within the organization that management must consider:

- (i) Objectives
- (ii) Structure
- (iii) Tasks
- (iv) Technology
- (v) People Objectives

These are the specific desired results, the group wishes to attain, by working together. Management's development of objectives through the planning process is a powerful mechanism of co-ordination. It helps the members of the organization know what they are expected to accomplish. It helps the members of the organization know what they are expected to accomplish.

People when we speak of organization, management, subordinates, workers we are simply describing groups of people. When a factory close an abstract man management did not make that decision some individual did. When a company's product is of low quality, it is people who have not done their job correctly. Management attains its objectives through people- therefore, people are important and these differences must be learned. Research has shown that the probability of any two people behaving in an absolutely 'dential manner in all situations is nil.

2. External environment consists of those things outside an organization such as customers, competitors, government agencies, suppliers, labour,

financial firms that are relevant to organization's operations. It consists of all elements existing outside the boundary of the organization, which have the potential to affect the organization. They are relevant to organizations operation and must be carefully monitored. Types of external environment.

There are two types of external environment

- i. Direct (task) Environment: These are factors that directly affect and are affected by the organization's operations and performance. These are: customers, competitors, labour unions, government regulatory agencies.
 - a. Customers: People and organizations in the environment who acquire goods or services from the organization is the organizations success. The only valid business purpose is to create customers.
 - b. Competitors: Other organizations in the same industry or types of business that provide goods or services to the same customers. Unique competitive issues, entry difficulty etc are key issues to be addressed here.
 - c. Suppliers: People and organizations who provide the raw material the organization uses to produce its output (materials, equipment, energy, and capital, labour).

- d. Government Regulatory Agencies: There are several government agencies regulate the activities of business through politics and laws which have great influence on business. These laws and policies have positive or negative influence on the businesses.
- ii. Indirect (general) environment; It covers a broad dimension and influences it's surrounding which create the overall not necessarily associated with other specific. Each dimension embodies the condition and events that have the potential of influencing the organization in special ways.
 - a. Economic dimension. Griffin (2017), in his write-up stressed much on the overall health of the economic system in which many organizations operate. The important economic factors, which affect many businesses, are inflation., interest rates and unemployment. In order to recover such money, companies raise price of their product and the consumer demand will fall because they will be unwilling to pay more on a product. When there is high rate of unemployment, the company becomes selective in the recruitment of personnel and this could cause low production, which eventually makes the company to lose its customer's demand.

- b. Technological dimension it refers to the method of converting resources into finished products and services by using new machines. The technology, which is applied within an organization, comes from general environment. It includes inventions and improvement of existing methods, machines and materials. This could mean the vast storage of organized knowledge of doing things mechanically rather than manual.
- The result of technological influence is on the methods of work, design of production as well as machine and improved services.
- c. Ethnical/social dimension: This includes the customers, moral values, rules and demographically characteristics of the society in which the organization function. Ethnical behaviour process is important because it determine the product, services and the level of conduct that the society is likely to get.
- d. Political dimension: It is observed that political factors are the government regulations on business. The relationship between business and government are important for three basic reasons. First, the legal system partially defined what an organization should or should not do. Secondly, the pro-business or anti-business sentiments, in which the

government use to influence business activities in organization. Thirdly, the political stability has ramification on planning, for example, no organization wants to set up business in another country where the trade relationship are not relatively defined and stable. Oyebanji (2019) believed that a stable political environment enhance growth and development and also encourages both foreign and local investors.

2.4 The Concept of Economic Environmental

Environmental Economics analysis since the welfare costs may be considerable. Similarly, other elements of the environment are now considered as resources for commodity production. For instance, airlines must compete for the use of air space routes. There is a demand for the use of such space; a similar demand and competition exist concerning radio and television airways. The expansion of technology continues to impose new demands on the natural environment; man has already begun to use outer space for weather and communications satellites. We cannot speak of space scarcity in this case, but welfare gains exist and are substantial. Once we begin to think in terms of Environmental Economic, the notion of resources-for-production must be extended. This is not to say that the traditional view

of economic resources should be put aside. In fact, it is necessary to maintain the traditional formulation, but we need in addition to include all those resources which contribute to human activity. It may sound farfetched to say that the space in which a satellite orbits around the earth is subject to scarcity. What is important is not the space it occupies, but rather the services the satellite provides. These services are, however, inextricably tied to the space it occupies. Thus, when considering environmental resources, we must not only expand the set of elements but also our understanding of what it entails, for example, to have fresh air associated with urban living. In doing so one must consider the features of the natural environment as not merely qualitative aspects of the environment, but rather as contributors to output. The traditional view of natural resources represented by the productive plant must be expanded to include training, research, communication, transportation, and water, and air use, as well as many other environmental elements. Thus, in any setting, the interrelated network or en-environmental resources with the capital of the plant are influential in the efficiency of the plant. In approaching the production processes this way, we may note that it is historically correct to say, for instance, that traditional societies relying

heavily on agriculture had a crucial dependency on water resources, land quality, and communications networks of some sort.

Environment:

The word environment has been derived from the French word ‘Environer’ which means to surround. Environment includes water, air and land, and their inter-relationships with human beings, other living creatures, plants and microorganisms. Environment provides basic services essential to humanity such as supporting life, supplying materials, energy and absorbing waste products.

The services of environment are used by production and household sector in an economy. These include minerals such as coal, petroleum and a wide assortment of ores that can be processed into metals/metal alloys. Other resources include plant, soil and water components used directly in production processes. Life supporting services are also provided by environment. These are clean air, water and food etc.

Environmental Pollution:

A change in the physical, chemical or biological characteristics of the air, water or soil that can affect the health, survival or activities of human beings or other living organisms in a harmful manner. In economics, pollution is

termed as any loss of human well-being arising from physical environmental changes.

Natural Resources:

Anything obtained from the physical environment to meet human needs relates to natural resources. Basic human needs are fulfilled by materials provided by nature itself. They are air, water, soil, minerals, coal, petroleum, animals and plants.

These stocks of the nature, useful to mankind are called natural resources. In the primitive age, man had used only those resources that supported his life. But the process of economic growth and increase in population have led to mismanagement of natural resources. There are two types of natural resources:

(i) Non-renewable resources

(ii) Renewable Resources.

(i) Non-renewable Resources:

These resources were formed in millions of years and hence will get exhausted sooner or later. Some of the nonrenewable resources are coal, petroleum, natural gas, minerals etc. The stock of these resources is limited.

They are susceptible to be degraded in quantity and quality by the human activities.

(ii) Renewable Resources:

These resources are present in unlimited quantity in the nature. They are solar radiation, air and water. These are not likely to be exhausted by human activities.

Ecology:

Ecology and economics share the same etymology OIKOS (House). In Ecology, it represents the study of our house, whereas in economics, it ensures the management of that place. Ecology is concerned with the relationship between the physical environment (soil, water and air) and organism environment (plant and animal life etc.).

Ecological economists have analysed the interdependence between the physical environment and economic activities in their models. According to them, some economic activities may be the cause of environmental degradation.

Industrial Ecology:

Industrial Ecology is the means by which humanity can deliberately and rationally maintain a desirable carrying capacity, given continued economic,

cultural and technological evolution. It is a system in which one seeks to optimize the total material cycle from virgin material, to finished material, to components, to product, to obsolete product and to ultimate disposal. Factors to be optimized include resources, energy and capital.

Industrial ecology redefines waste as a starting material for another industrial process. It also seeks to structure the economy's industrial base along the lines of natural economic systems whose cyclical flows of material and energy are both efficient and sustainable.

Ecosystem

Ecosystem is a term applied to a particular relationship between living organism and their environment. An eco-system has two main components: (a) abiotic, and (b) biotic. All the non-living components of environment present in an ecosystem are known as abiotic components.

2.5 Effects of Economic Environment on Business Organization Performance

Organizational performance involves the using of resources wisely to avoid wastage. Given by the interaction between organizations and environment, it follows that performance relates to how an organization reacts, understands and influence to certain environment changes. Unfortunately, people do not

want to perform those duties without a concession. For example they can perform their duties in short time if well planned. Okunola (2015) describes organization as an entity formed by or comprising a group of people with the aims and objective carrying out some specific functions or performance of responsibilities or the other. Derek (2015) defined performance as the willingness of an individual to carry out the goals and objectives of an organization. Organization performances is however, defined as a group of people that come together and are willing to carry out goals and objective and planned or strategize. Organization performance is the ability of group of individual to achieve certain of specific goals.

Effects of business environment on Business Organizational Performance

Business environment and its application to work environment is an outcome of his work as director of the institute of social research, university of Michigan, USA. In his book “New Pattern of Management” about high producing supervisors who achieve the highest level of productivity at the lowest production costs with the highest level of employee motivation. In his research work, he indicates that high producing managers tend to build their successful achievement around their interlocking work groups employees whose level of co-operation is sustained through range of business incentive

that extend motives and involves the ego and creativity motives. The research noted that the high producing manager utilized the tool of the classical management work- study while recognizing the aspirations of the employees by encouraging participative approaches. Okunola stressed the important of supportive relationship; management can thus achieve very high productive performance when the employees membership of the work group as “Supportive”, that is, when the experience a sense of personal worth, importance and recognition from belonging to the work group.

Okunola (2015) is one management philosopher who focused on the differences between individuals and the class of needs in addition to the market strategy, which include the need for achievement, power and for affiliation. He further related the strength and/or dominance of each need in individual with high need for achievement strive on jobs projects that tax their won skills and abilities. They also set realistic goals and objective for them, such people are usually individualistic and would want to be appraised as to how well they are. However, the greatest disadvantage for those with achievement need is that they tend to be more task-oriented and less concerned with strong power needs to dominate or gain power influence of

control over people. That the motivation managers and supervisors to possess some reasonable degree of all three kinds of needs.

However, the dominant need, according to Okunola's findings, is the need for achievement. Nevertheless, his ideas are very important as a contribution to our understanding of business environment how best the concept of achievement need might be applied in practice at the work place, and especially when dealing with young, ambitious employees. Business environment is formed not merely on some sense of objective reality, but on its own perception of reality, business needs to properly taken care of, for profit margin to be accurate. In consonance with this theory, individuals attempt to determine the probability of a measure of expectancy of outcome. The personal outcomes are rewards that organization can provide like pay increase, promotion, bonus, allowances, level and even relationship with workmates etc, while the expected to such outcomes refers to expectancy, the measure of importance attached to such outcomes or reward is known as valence, the value of which are a result of the attractiveness and the opinion of the beneficiaries about the reward in questions.

In order to improve business environment therefore, managers should improve the skill and motivational level or conditions of the employee. In

establishment where promotion is perceived as attractive prospect (valance) by a newly appointed staff, it allows the effective performance of works, it encourages the perception of the workers, which they have toward their job, on 'god fatherism', and his output is discouraged. All efforts directed towards performance do not necessarily lead to reward but it's been ascertain that reward increase the effective performance of employees. The exhibition of negative business environment understanding of course proves to the management the need to control environmental by the creation of certain adequate adjustment and motivational incentives. At the attainment of his final goals, the previously aroused tension reduces and fails completely. Thus, a continuous exhibition of the same incentive package may fail to elicit further favourable and positive behaviour from the same person. There the manager's job is more demanding as he is expected to know the proper solution to the situation he might be in the process of achieving the ultimate goals of the organization.

The practical example was during the oil boom era in the late 70s and early 80s in Nigeria whereby the oil sector of economy accounted for about 22% of the Gross Domestic Product out of 80% of the total government revenue and over 90% of the export earnings. At the time, the organizations were

flourishing until the sudden fall of the oil price in the mid 1981. However, foreign exchange crises emerged and there was a decline in the price of US dollar, which fell from \$25.9 billion in 1980 to \$7.2 billion in 1986, which had adverse consequences of the company under study. Since then, many business organizations have been finding it difficult to survive. They could no longer produce quality product; hence the masses preferred foreign products due to the following reasons.

2.6 Economic Factor Has a Hindrance to Business Environment Location

Economic factors there are quality in the foreign product, price reduction and availability of the product in the market. Psychological factors People seek for distinctiveness, exclusiveness and egoism in the quantity of most goods and it is only foreign products that probably have that outstanding quality which most buyers and owners of goods are looking for. Historical factors Habits and past experiences can influence the consumers taste and choice, for example, even before independence, Nigerians preferred foreign products to local ones, and this has come to stay in their behaviours. Government attitude and regard to foreign goods The government preferred and placed much regard on foreign contractors to the local ones; they also allow foreign products to be imported into the country at low rate of import duties and by

its weak attempt to check smuggling. In conclusion, for many business organizations to succeed in his turbulent time, it has to be managed very well so as to withstand sudden fall and to avail itself of sudden unexpected opportunities.

2.7 Review of Related Literature

There have been several studies relating to the relationship between the business environment and performance but with varied results, for example, the findings of Dragnic (2014), Essien (2014), and Gado (2015). In the same vein, several studies have concluded that the economic environment environment is positively related to an enterprise performance. Aikali and Isa (2012) evaluating the economic environment environmental factors influence on the performance of small business manufacturing enterprises based in Bauchi State, identified the factors influencing performance and found that access to government support and to financial capital were notably associated with small business manufacturing enterprise performance. Furthermore, the study also found entrepreneurial readiness, business plan, and technology usage to be insignificant to business performance.

According to previous researchers, the business environment of the business

location shapes its potential performance of job creation, innovation and growth (Ashrafi & Murtaza, 2008; Cai, Fang, & Xu, 2011; Kayanula & Quartey, 2010; Olugbenga, 2012). The external factors have been identified in several literatures; in the study of Akinbogun (2008), Lixin (2010), and World Bank (2000), entrepreneurial performance of SMEs have been influenced by the government legal- regulatory stance and SMEs access to finance, availability of adequate and required infrastructure facilities and government policies. In addition, taxes and power supply have been listed among environmental essentials that affect the potential performance of SMEs.

Mahmood and Jabeen (2014) examined the effect of the external environment on entrepreneurial orientation and business performance relationship. The duo found that entrepreneurial orientation and external environment are positively related, also that this relationship significantly affects the business performance. The findings of the study also showed that external environment have a considerable moderating effect on the link between entrepreneurial orientation and business performance. The results of the study confirmed that entrepreneurial orientation is imperative for the firms' survival as well as in enhancing overall

performance. Using the subjective performance measures, the study concluded that external factors are capable of determining the failure and success of the firm.

Also, Adeoye (2012), in a study on the Nigerian food and beverage industry, found that economic and political environment of the business have a positive and a major effect on the industry performance. The study result analysis revealed that the external environment factors including technological, social, political, and economic environment have a considerable effect on the industry performance. This finding also supported by the study of Njuguna-Kinyua, Mumyoki and Kibera (2014) found a positive relationship between the external environment and performance using Community-Based HIV and AIDs organization as a case of study. They concluded that proper scanning of the external environment influences all activities of an organisation from the planning stage to the implementation stage. Shehu and Mahmood (2014) found a positive and significant link connecting the Nigerian business environment with SMEs performance.

However, some researchers have also established a negative relationship

between the economic environment environment and performance. The study of Oginni and Adesanya (2013) centered on the inference of the business environmental factors on the manufacturing sector's growth and survival. The finding of the study revealed that there exist negative effects of environmental variables such as organisational policies, electricity, infrastructural facilities, financial credits, government policies, and fraudulent practices on the survival of businesses in the manufacturing. Also, factors including government policies, raw materials, inflation indicates an indirect significant in their effect on business survival.

Similarly, Okwu (2015) using descriptive statistics tools and empirical analysis to explore the effect of business environment on Business location potentials, job creation, innovation, employment generation found a negative relationship between external variables such as business policy, legal framework, social, and cultural factors, and the growth potentials of SMEs. Corruption was found to a negative effect on innovation and growth potential. The study also revealed that competition drives innovation and growth but impedes job creation and employment. In the same vein, Abimbola and Agboola (2011) and Nnaman and Ajagu (2014) found that the entrepreneurial environment has a negative effect on entrepreneurial

activities in Nigeria. Mark and Nwaiwu (2015) found the political environment which was portrayed by repeated alterations in government policies and programmes to have a negative effect on corporate long-term planning. Based on the findings of the study, it was concluded that there is a negative relationship between the political environment and business performance is as a result of party politics with threats or war, growing height of criminal activities and terrorism, kidnapping, and bomb explosion all of which hinder business patronage and scares away investors.

The finding of Ogunro (2014) revealed that the lack of infrastructure, insecurity, insufficient finance, multiple tax system, and corruption are the Nigerian business environmental factors that impede business survival. Obasan (2014) identified external environment factors such as infrastructural facilities, inflationary trend, and government policy to have a negative effect on the survival of business when they are not adequate. Obiwuru et al. (2011) used narrative and theoretical methodology based on aggregative and specific SWOT and PESTEL analysis models adapted from related study to appraise the internal and external environment of businesses in Nigeria. The analysis of the study showed that the external environment bears more relevance to business strategic management, and that the government now

plays more regulatory role in some key sectors of the economy. The study also found that external factors such as government policy, multiple taxation, infrastructural deficiency, dismay power supply volatile exchange rates among other factors escalate cost of doing business in Nigeria and therefore pose threat to firms and industries.

Isaac (2015) investigated the effects of government taxation policy on Uasin Gishu County, Kenya SMEs sales revenue. The study adopted an exploratory research design. The data for the study were generated from secondary and primary sources, the primary data were extracted by administering 180 questionnaires, personal interviews and document analysis. The research findings showed that government tax policy has a direct significant impact on SMEs sales revenue. Furthermore, the study revealed that the effects of the government taxation policy on SMEs sales revenue could either be positive or negative. The study concluded that the SMEs should be levied lower amount of tax payable in order to allow for them to have as much as necessary funds for other activities that will lead to growth in their business and yield profitability.

According to the findings of Nafiu, Okpanachi and Nurudeen (2014), it is particularly not easy for businesses to survive in the absence of peace and security. The research also reported that regular citizens that have small and medium scale businesses in areas where terrorism is persistent in the country cannot open their shops for the purpose of transacting business. Insecurity far and wide is a threat which business owners fear and as well desire to keep away from by repositioning their businesses elsewhere. Supported by the findings of Akinbi (2015) and Nwagobosa (2012) Nigeria business owners and some manufacturing companies have been reported to have relocated mostly from the North in recent time, to new peaceful parts of the country. Also, Suleiman, 2012 reported that non-indigenes, in particular, the Igbos and Yorubas have to returned back to their home states to keep safe from being killed by Boko Haram.

The study of World Bank on the investment climate report on nine African countries showed that 36% of business operators in Nigeria perceived insecurity as a chief constraint on business enterprise investment. Insecurity is a strong deterrent to business enterprise investment as it scares away potential business enterprise investors/financiers (Owolabi & Ayenakin, 2015). Kidnapping and hostage taking as reported by Ngwama (2014)

started off in the South-south province and it has spread over Niger-Delta states as a notorious act in Oil rich Niger Delta. Agu and Nwajiri (2012) argued that it has been used as a medium to tackle the neglect of their communities by succeeding government. Nwankwo (2012) observed that the kidnapping and hostage taking are at this instant tool for patching up personal and political scores. Youths in the area and some in other states utilized the kidnapping and hostage-taking as a means of making a huge sum of money by calling the families of their victims to pay money for ransom (Uzorma & Nwanegbo- Ben, 2014). Politicians equally use this to deal with their opponents and perceived enemies leaving citizens in fear (Inyang & Abraham, 2013; Ngwama, 2014). Many officials of multinational oil companies in the region have been victims thereby portraying Nigeria as no go and unsafe area (Achumba, *et al*, 2013).

The study conducted by Oduyoye, Adebola, and Binuyo (2013) revealed that the infrastructure support provided by the SMEDAN have no significant effect on the growth some SMEs. For the most part those funded by corporative in Ogun State. Also, the research study on the challenges of infrastructure development in democratic governance conducted by Akhalumeh (2013) and Oyedele (2012) revealed that the political situation in

Nigeria is not encouraging to the foreign investors and the government does not set priority right in infrastructure development. Ben-Caleb, Faboyede and Fakile (2013) and Sanni (2009) supported this result in their study that shows that poor infrastructural facilities affect negatively the SMEs role of poverty alleviation. Oseni and Pollitt (2013) found the manufacturing sector of the SME to be at a larger amount affected by the country's inadequacy in the availability and provision of infrastructural facilities. The study conducted by Osakwe (2006) divulges that the poor status of infrastructure is part of the reasons for the nation's poor performance in exerting a pull on foreign direct investment. Essien (2014) and Obayelu, Olarewaju and Oyelami (2014) found infrastructure to be one of the utmost constraints to enterprise growth. Low infrastructural development downbeats productivity and in turn negatively influences profitability. The ability of a nation to spawn a steady stream of job opportunities could only be accomplished when the population engages in entrepreneurial activities. Okezie, Alex and Asuluka (2013) confirmed that infrastructure inadequacy leads to low entrepreneurial performance and inefficiency of the Business location in realizing its role of economic development and growth.

Efi and Akpan (2012) see the deteriorating state of Nigeria infrastructural

facilities as a hindrance to any meaningful progression in entrepreneurship. Similarly, Nwibo and Akpan (2013) findings showed that the lack of adequacy of the availability of infrastructural facilities adversely affects the economy growth of the nation. Oyesola (2011) investigated the effect of infrastructural facilities on the sustenance of people in Oyo state. The result illustrated that the poor status of infrastructure made obtainable by the population in the area of the study affects their life quality. The study acknowledged the need for both governmental and nongovernmental organisations to further better the state of infrastructure in the area since it determines the people's ability to improve their productivity and their standard of living. The study by Nedozi, Obasanmi and Ighata (2014) also showed that the quality of infrastructural facilities available in a nation has a direct effect on the productivity of businesses most specifically the entrepreneurs and SMEs.

2.8 Theoretical Review

2.8.1 Three Sigma's Theory of the Business Model

This model is an application of Peter Drucker theory of the business. The essential belief of this theory is that lots of business organisations decline and fail for the reason that the suppositions they formulate that form the root

for their basic business decisions become obsolete or invalid (Whittington, 2002). For this cause, all businesses and organizations must from time to time observe their basic suppositions to find out whether they persist to reflect the existing realities they combat with and also how they should modify it just in case they do not. This model makes available for the organization to discover and inspect those suppositions and amend them if required. This model is appropriate for the use of businesses, governments, and non-profit organizations. It can as well be used for new business startups to spot, look at, and formulate precise assumptions that will be the cause of their business planning. The model has three divisions with each one holding one or more components that present a framework to analyze what went before and current decisions (Ezenwa, 2016).

The first division is organisational focus, which necessitates that strategic thinking starts in on a reassessment of organisation's mission, vision, and purpose, and the examination of these components for sensibleness and reliability to spot inherent and precise suppositions that have an effect on decision on whether to enter or remain in the business enterprise activity. The second division of this model has to do with the external environment and contains five components. The first component obliges the enterprise to

analyse the social, economic, and political factors in the external business environment to establish the precise suppositions regarding them that influence the business's decisions, and its activities. The second component emphasises market factors such as existing and potential customers, distribution channel, advertisement, promotion, pricing, product distinctiveness, and among others, which require strategic thinking to find out the relevant suppositions on them that influence the business decisions.

The third component of this division reflects on the users of the enterprise product, and calls for the firm to evaluate the factors of its customer behaviour which include the firm's product purchase decision, influences on the purchase or use of the product and so on, to find out the customers characteristics that influence the decision and expectations of the business organisation. The fourth component obliges the firm to study the technological factors of the business environment to find out the causal features of the technological environmental factors that influence the firm's decisions and expectations.

Lastly, the fifth component dwells on the industry competitive formation and necessitates the need for the business organisation to examine this formation to determine competitive formation feature that influences the business

decisions. This structure includes the potential new entrants into the market, suppliers, substitute products, market segment product, and major competitors. These competitive industry factors which pose the greatest threat that must be neutralized by taking strategic actions.

The third division of this business model is footed on the competitive advantage and core competencies of an enterprise. It stressed the need for an enterprise to examine organisational competencies. The second division of the business model provides a theoretical base for this study as it shows that external environmental factors necessitate the need for a business enterprise including the SMEs to operate strategically in order to survive and boost effectiveness in their performance in a most efficient manner. The business/owners need to be cognizance with what influence can the external environmental factors pose to their business operation and how their comprehension of their effects make for optimal performance.

2.9 Summary

Theoretical foundations of the study have been treated in this chapter. This subsequent theories were reviewed; theory of the firm, three sigma's theory of the business model, complexity theory, and the stakeholder and competitive

value approaches. These theories as promoted by the various studies have necessitated this study; economic environment and entrepreneurial performance of Nigerian SMEs.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter focused on the research method, techniques for data collection and the sources including justification of the method used. It also includes the method of data analysis.

3.2 Research Design

Research design is a blue print or plan, which specifies how data relating to a given problem should be collected and analyzed. For the purpose of this research, the researcher used survey research design which is concerned with studying a group of people by collecting and analyzing data from the entire population or a sample.

3.3 Area of Study

This research work will be conducted in Hayin Rigasa, Chikun Local Government Area, Kaduna State.

3.4 Population of the Study

According to Ndagi (1999), population is sometimes referred to as the universe, and it is defined as the entire group whose characteristics are to be estimated. While, he defined sample as a limited number of elements selected

from the population which is representative of that population. The population of this study was estimated to be 138, medium and small enterprise

3.5 Sample Size and Sampling Techniques

Sample is a subset of the population to be interviewed; the sample reflects the characteristics of the population from which it is drawn. Sample size of 102 was chosen for the study using the Krejcie and Morgan table (1970) A simple random sampling technique is used in the course of this study in order to have a reliable response and also to be sure that the above population has equal chance of being selected in the study.

3.6 Data Collection Instruments

The questionnaires constitute the main instrument for data collection in this research. The questionnaire was formulated in line with .the research question which was targeted at capturing response in conformity with the research objectives. The reason for the use of questionnaire is that it is free from personal bias. For the primary source, questionnaire was prepared and administered on the respondents. The justification for using questionnaire is that it is more economical and very effective for collating opinions from

respondents. It allows respondents to indicate their opinions objectively on a certain scale.

3.7 Validation and Reliability

Validity refers to whether or not test measures what its claim to measure. It refers to how accurately a method measures what it is intended to measure. A draft copy of the questionnaire will be subjected to face validation by the project supervisor Mal. D. Bala and two other lecturers from the Department of Business Administration.

Reliability is the degree to which a test is consistent and stable in measuring whatever it is measuring. Reliability requires the administration of the same test to the same respondents twice with a short time interval after the first test. A correlation coefficient between the two sets of results will be calculated. The correlation coefficient measured the test obtained by measuring the same individuals twice and computing the correlation of the two sets of measures.

To make the instruments achieve what is expected to be achieved, questions framed were subjected to critical assessment, first by the researcher, ensuring good, simple and straight questions are formulated. Also, some questions

were forwarded to two professional in the area of study to also scrutinize the questionnaire to ensure its validity.

To obtain reliability for functional question, internal checks in the form of logical test in the questionnaire were included. The questionnaires were built to give clarity to the respondent consistency of responses.

3.9 Method of Data Collection

The researcher personally administered the questionnaire to the respondents of the organization and collected it back for analysis.

3.10 Method of Data Analysis

The researcher analyzed the data obtained by presenting the responses based on each question. The researcher used the Likert rating scale. The mean statistics was used in analyzing the research questionnaire as well.

$$\text{Mean} = \frac{\sum fx}{\sum x}$$

Where:

f = frequency

$\sum x$ = Total frequency

Decision rule of 5 scale point.

	SA	A	U	D	SD
GRADE POINT					
RANGE	4.5-5.0	3.5-4.4	2.5-3.4	1.5-2.4	0.5-1.4

Key:

SA - Strongly Agree

A	-	Agree
U	-	Undecided
D	-	Disagree
SD	-	Strongly Disagree

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

4.1 Introduction

This chapter deals with the presentation and analysis of data collected through questionnaire administered to sampled respondents. The questionnaire distributed to the respondents was designed to address and answer certain issue raised in the research question. A total number of 102 questionnaires were distributed to the staff of the company and 80 validly filled and returned by the respondents.

4.2 Characteristics and Classification of Respondents

Table 4.2.1: classification of Age

Options	No. of respondents	Percentage (%)
18-25 Years	40	50
26-40 Years	26	32.5
41 & Above	14	17.5
Total	80	100

Source: Field survey, 2022.

Table 4.2.1 displays the demographic variable of respondents. The analysis shows that 40 workers representing 50% of the respondents are within the age bracket of 18 – 25 years, while 26 staff representing 32.5% of the respondents were aged 26 – 40 years and the remaining 14 workers representing 17.7% of the respondents are 41 years and above. This is an indication that most of the staff members are within their active and product age.

Table 4.2.2: Sex Distribution of Respondents

Options	No. of respondents	Percentage (%)
Male	32	40
Female	48	60
Total	80	100

Source: Field Survey, 2022.

Table 4.2.2 shows that 48 of the sampled staff representing 60% of the total respondents were female and 32 workers which represent 40% of the total respondents were male.

Table 4.2.3: classification of qualification

Options	No. of respondents	Percentage
Postgraduate	20	25
B. Sc - HND	40	50

ND - Cert	16	20
SSCE – Below	4	5
Total	80	100

Source: Field Survey, 2022.

Table 4.2.3 shows the educational qualification of respondents. The analysis shows that the category of Bachelor Degree / Higher National Diploma holders in the company have the highest percentage of 40 staff members representing 50% of the respondents, while National Diploma and Certificate holders were 20%, those with SSCE and below were 5% and the remaining 25% of the sampled respondents have postgraduate degree.

4.3 Presentation of Data Analysis

Table 4.4. Exchange rate increased my cost of business operation

Option	SA	A	UD	D	SD	TOTAL	MEAN	REMARK
X	5	4	3	2	1	15		
F	20	10	0	4	6	40		
FX	100	40	0	8	6	154	3.9	AGREED

The above table 4.4 gives a mean score of 3.9 which is greater than the cut off point of 3.0. This means Exchange rate increased my cost of business operation.

Table 4.5 Inflation rate reduced business profit.

OPTION	SA	A	UD	D	SD	TOTAL	MEAN	REMARK
X	5	4	3	2	1	15		
F	15	13	0	9	3	40		
FX	75	52	0	18	6	148	3.7	AGREED

The table shows that inflation rate reduced business profit. this is as a result of the means score of 3.7.

Table 4.7 Reduction in people's purchasing power reduced patronage of business' products.

OPTION	SA	A	UD	D	SD	TOTAL	MEAN	REMARK
X	5	4	3	2	1	15		
F	17	15	0	5	3	40		
FX	85	60	0	10	3	158	3.10	Agreed

The table above shows that the mean score is 3.10, which is greater than the cut off point of 3.0 this implies that Reduction in people's purchasing power reduced patronage of business' products.

Table 4.8 Tax policy and rates reduced business profit.

OPTION	SA	A	UD	D	SD	TOTAL	MEAN	REMARK
X	5	5	3	2	1	15		
F	16	10	8	0	6	40		
FX	80	40	24	0	6	150	3.8	Agreed

Based on the above interpretation, it shows that Tax policy and rates reduced business profit, the mean score is 3.8 which is greater than the cut off point.

Table 4.9 Lack of good roads disturbed business activities.

OPTION	SA	A	UD	D	SD	TOTAL	MEAN	REMARK
X	5	4	3	2	1	15		
F	20	9	5	0	6	40		
FX	100	36	15	0	6	157	3.9	Agreed

The table above indicate that lack of good roads disturbed business activities. Because the mean score 3.9 is greater than the cut off point.

Table 4.10 Unstable power supply reduced business output.

OPTION	SA	A	UD	D	SD	TOTAL	MEAN	REMARK
X	5	4	3	2	1	15		
F	14	11	8	0	7	40		
FX	70	44	24	0	7	145	3.6	Agreed

The above table 4.4 gives a mean score of 3.6 which is greater than the cut off point 3.0. It shows that unstable power supply reduced my business output.

Table 4.11 Bad communication network delayed business transactions.

OPTION	SA	A	UD	D	SD	TOTAL	MEAN	REMARK
X	5	4	3	2	1	15		
F	14	11	9	0	6	40		
FX	70	44	27	0	6	147	3.7	Agreed

Bad communication network delayed business transactions. Because the mean score 3.7 is greater than the cut off point.

Table 4.12 Inadequate government support delayed business expansion.

OPTION	SA	A	UD	D	SD	TOTAL	MEAN	REMARK
X	5	4	3	2	1	15		
F	16	11	9	0	4	40		
FX	80	44	27	0	4	155	3.9	Agreed

Inadequate government support delayed business expansion on the above respond because the mean score 3.9 is above cut off point.

Table 4.13 Unfair competition within industry led to loss of profit in business.

OPTION	SA	A	UD	D	SD	TOTAL	MEAN	REMARK
X	5	4	3	2	1	15		
F	19	10	0	6	5	40		
FX	95	40	0	12	5	152	3.8	Agreed

The table above shows that the mean score is 3.8, which is greater than the cut off point of 3.0 this implies that unfair competition within industry led to loss of profit in business.

4.4 Summary of Findings

The following findings were arrived at in the course of this study:

- i. Tax policy and rates reduced my business profit.
- ii. Exchange rate increased my cost of business operation.
- iii. Inflation rate reduced my business profit.
- iv. Reduction in people's purchasing power reduced patronage of my business' products.
- v. Lack of good roads disturbed my business activities.
- vi. Unstable power supply reduced my business output.
- vii. Bad communication network delayed my business transactions.
- viii. Inadequate government support delayed my business expansion.
- ix. Unfair competition within industry led to loss of profit in my business.

4.4 Discussion of the Findings

Research Question 1: How does an economic problem affect the business environment?

In providing answers to the above research question, variables 2, 3 and 4 of the data analyzed in table were utilized. The data in the selected variables shows the adequacy of responses from the respondents to the effect that economic problem affect the business environment. These findings are supported by Ajayi (2016) who submitted that the external business environment (economic, political, legal, sociocultural environment, demographic, natural, technological, global, and financial environment) have influence on SMEs operations

Research Question 2: How does the improvement on technological level affect development in business environment?

To provide answer to the above raised research question, variables 1 and 5 of the data in table were used by the researcher. The analysis of the variables shows that the improvement on technological level affect development in business environment.

Research Question 3: To what extent will political instability affect business environment?

Variables 6 and 7 of the data analyzed in table were utilized in answering the research question raised above. The analysis revealed that political instability affect business environment.

Research Question 4: To what extent does economic environment affect business location in Nigeria local government?

To provide answer to the above raised research question, variables 8 and 9 of the data in table were used by the researcher. The analysis of the variables shows the economic environment affect business location in Nigeria local government.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary

The study examined the effects of economic environment on business location a study of Chikun Local Government. The specific purpose of the study is to provide a basic understanding on the concept of business environment, determine the problem impose by the influence of business environment in an Organization, recommend solution on economic environmental problems as they affect business location and determine the extent at which economic environment factor affect business location. The study adopted descriptive survey research design. Four research questions guided the study. The population of the study comprised all registered small and medium scale enterprises in Chikun LGA. One hundred and two (102) owners/managers of small and medium scale enterprises were sampled for the study through, proportionate, stratified and systematic random sampling techniques. A structured questionnaire was designed by the researcher to obtain information from the subject of the study.

The instruments was trail-tested on 15 staff of the company and was finally administered on the 102 selected staff of the company. Data collected for the three research questions were presented in a table, analyzed using arithmetic mean so as to confirm its degree of conformity with the objectives of the study earlier put forward, and on the basis of which the major findings of the study were revealed and discussed.

5.2 Conclusion

The business environment is increasingly becoming complex, and businesses must become accustomed to the challenges posed by the complexity of the environment. It is obvious from the findings of this study that internal and external environment influenced the success of SMEs. Successful business operations require adequate knowledge of the environment in which the business is situated. Modern business environment demand proactive business strategies to combat emerging challenges. Therefore, SMEs operators must acquire necessary capacity to understand and mitigate the effects of external business to achieve their business visions and objectives.

5.3 Recommendation

1. SMEs business owners/managers must be abreast of the challenges posed by internal environment and put in place adequate internal control mechanism that will lead to optimal performance.
2. SMEs operators should be able to identify opportunities and threats in the external environment. This will enable them to mitigate threats and optimize opportunities for successful business operations.
3. Small and medium enterprise development agencies and government should collaborate in creating conducive environment for SMEs to survive.